

Department of Social and Health Services

DP Code/Title: M2-8U Utility Rate Adjustments

Program Level - 020 Juvenile Rehabilitatn Admin

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

Recommendation Summary Text:

This step requests funding to reflect the increases in utility costs from known utility rate increases for electric, natural gas, water, sewage, and other services.

Fiscal Detail:

Operating Expenditures

| | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|--|----------------|----------------|----------------|
| Program 020 | | | |
| 001-1 General Fund - Basic Account-State | 190,000 | 190,000 | 380,000 |
| Total Cost | 190,000 | 190,000 | 380,000 |

Staffing

Package Description:

Utility costs are the amounts spent directly on heating, cooling, and lighting state owned and/or leased facilities not obtained through the Department of General Administration, where energy costs are not included as part of the monthly lease payments. Utility costs also include the amounts spent for water, sewer, and garbage.

Utility costs for institutional facilities in Juvenile Rehabilitation, Mental Health, and Developmental Disabilities programs have risen approximately 32 percent from Fiscal Year 2000 to Fiscal Year 2001. Several vendors have received utility rate increases by the Washington Utility and Transportation Commission (WUTC) that will further increase the utility costs. These increases, and other known increases, lead to growth in utility costs for the 2003-05 Biennium for state owned facilities. Most of these increases have been captured in the Fiscal Year 2002 actual expenditures, which was used to determine the Fiscal Year 2004 and Fiscal Year 2005 needs. Appropriations for these utilities have not kept up with the actual expenditure increases. Recently, the WUTC granted Puget Sound Energy a 5.27 percent increase, effective July 1, 2002, for electrical rates and a 9.1 percent increase, effective September 1, 2002, for natural gas rates.

Narrative Justification and Impact Statement

How contributes to strategic plan:

Funding this decision package will contribute to the agency balanced scorecard goal of: 1) Clients are safe from abuse or neglect, 2) Clients maintain or improve their health, 3) DSHS accounts for its use of public dollars.

Performance Measure Detail

Goal:

Incremental Changes
FY 1 FY 2

Reason for change:

This request is in response to known utility rate increases for electrical, natural gas, water, sewage, and other services.

Impact on clients and services:

This funding will allow the department to maintain the current level of service. Utility costs are an integral component of the

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cost of providing basic living services to our institutional staff and clients.

Impact on other state programs:

Other department programs with leases are impacted, but those costs are usually covered by lease agreements.

Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

None

Alternatives explored by agency:

No alternatives were explored, as these costs will be paid as a fixed cost of doing business. Programmatic areas will need to be reduced to meet these business expenses.

Budget impacts in future biennia:

The cost carries forward into the 2005-07 Biennium at the second year level (Fiscal Year 2005).

Distinction between one-time and ongoing costs:

These are ongoing costs.

Effects of non-funding:

The agency will need to pay the incurred utility costs regardless of funding. Non-funding will result in the further erosion of the ability of the agency to serve clients and maintain fiscal integrity.

Expenditure Calculations and Assumptions:

Actual Fiscal Year 2002 expenditures for Object EC were used as the base for calculating the Fiscal Year 2004 and Fiscal Year 2005 increase for this step.

See attachment - AW M2-8U Utility Rate Adjustments.xls

| <u>Object Detail</u> | | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|---|---------------------|--------------------|--------------------|---------------------|
| Program 020 Objects | | | | |
| E | Goods And Services | 190,000 | 190,000 | 380,000 |
| | | | | |
| <u>DSHS Source Code Detail</u> | | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
| Program 020 | | | | |
| Fund 001-1, General Fund - Basic Account-State | | | | |
| <u>Sources</u> | <u>Title</u> | | | |
| 0011 | General Fund State | 190,000 | 190,000 | 380,000 |
| Total for Fund 001-1 | | 190,000 | 190,000 | 380,000 |
| Total Program 020 | | 190,000 | 190,000 | 380,000 |